GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:404
ANSWERED ON:04.03.2002
SUBSIDY ON AGRICULTURE
MAHBOOB ZAHEDI

Will the Minister of AGRICULTURE be pleased to state:

(a) whether according to directives of WTO, Government subsidy on Agriculture has to be reduced gradually to 10 per cent;

(b) whether subsidy provided by EU, USA and Japan to their agriculture sector is between 40 per cent to 66 per cent;

(c) whether as a result thereof, the developed nations will be able to flood the Indian market with their agricultural products; and

(d) if so, the remedial steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): The provisions of the WTO Agreement on Agriculture provide for 2 categories of domestic support, i.e., support with no or minimal distortive effect on trade on the one hand and trade distorting support on the other hand. All non-exempt domestic support is subject to reduction commitments. However, in accordance with the de minimis provisions of the agreement, there is no requirement to reduce trade-distorting support (i.e. market price support, direct production subsidies or input subsidies) in any year in which the aggregate value of the product specific support does not exceed 10% of the value of production of the agricultural product in question for developing countries. In addition, non-product specific support, which is less than 10% of the value of total agricultural production, is also exempt from reduction for developing countries. For developed countries, this percentage is 5%.

(b): As per the notifications filed by EU, USA and Japan in WTO, the total domesticsupport provided by them to their agriculture sector as a percentage of their value of production and their export subsides as a percentage of their total agricultural exports is at Annexure.

(c)&(d): Government have put in place a suitable mechanism for monitoring the import of sensitive items and are committed to provide adequate protection to the domestic producers by resorting to various WTO compatible measure, which include appropriate calibration of applied tariffs within the bound tariffs, anti-dumping and safeguard actions as well as imposition of countervailing duties under specified circumstances as provided in various WTO agreements.

ANNEXURE

S.No.	Country/Group of countries	Fiscal Year	Marketing/ Domestic support as a percentage of value of agricultural production	Export subsidy as a percentage of total agricultural exports
1.	European Union	1997-98	48.03%	8.6%
2.	Japan	1998	39.15%	0
3.	USA	1997	28.59%	0.179